(13) Tariff Advisory Committee (TAC) should be delinked from the GIC and should function as a separate statutory body under such supervision of the insurance regulatory authority as may be necessary without becoming a part thereof.

(14) The system of licensing of surveyors by the Controller of Insurance should be given up and the insurance companies should be free to assign the right surveyor to the right job.

(15) In order to popularise pension scheme, savings in pension funds should be given special tax relief distinct from the benefits allowed to relatively short term savings. Investment income from pension funds managed by life insurance companies should get tax exemption as is admissible to private pension funds managed by the employers.

(16) Comprehensive computerisation in LIC and the general insurance companies for handling business at all levels for developing effective management information system should be undertaken and completed within the next 12 to 18 months.

(17) To reduce litigation, the institution of ombudsman should be set up by the general insurance industry. Claims in personal lines upto Rs. 5 lac in each case may be considered at this forum.

(18) A Committee with appropriate membership may be set up for detailed scrutiny of the existing insurance laws, rules and regulations, for amendments and consolidation, probably in a new insurance law.

Impact of Foreign Institutional Investments in Stock Market

79. SHRI MENTAY PADMANABHAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have assessed the long-term impact of the entry of Foreign Institutional Investors into the stock market;

(b) details of assessment made;

(c) whether our stock market can absorb the impact of Foreign Institutional Investors tactical and sudden withdrawals for the market; and

(d) how will Government protect the small share holders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) While no formal assessment has been made by the Government, Government believes that the long-term impact of entry of Foreign Institutional Investors will be beneficial to the development of the capital market providing it depth and liquidity and enabling Indian companies to more readily raise resources for financing their projects.

(c) While the limits prescribed for Foreign Institutional Investments in individual companies and the structure of capital gains tax applicable for their investments would have a bearing on the likelihood and extent of withdrawal by Foreign Institutional Investors, it is expected that the Indian Stock market itself is mature enough to absorb the impact of any withdrawal by Foreign Institutional Investors.

(d) Small share holders are expected to benefit through increased liquidity and depth in the Indian Stock Market.